

## Message Text

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TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS PRIORITY

C O N F I D E N T I A L STATE 261888

FOLLOWING REPEATS SANTIAGO 7223 ACTION DEPT NOV 26TH

QUOTE

C O N F I D E N T I A L SANTIAGO 7223

DEPT PLEASE PASS TO ALL ARA DIPLOMATIC POSTS

EO 11652: GDS

TAGS: PFOR, TGEN

SUBJECT: SUB-GROUP IV OF WORKING GROUP ON SCIENCE AND TRANSFER  
OF TECHNOLOGY

1. SUMMARY: SUB-GROUP IV MEETING IS OFF TO SHAKY START WITH VENEZUELAN DELEGATE (LUIS MATOS OF CONICIT) AIMING SHARP CRITICISM AT US POLICY NOT ONLY IN WORKING GROUP CONTEXT BUT IN GENERAL (UNCTAD, PETROLEUM AND TRADE POLICY, ETC.). BRAZIL AND MEXICO HAVE ECHOED VENEZUELAN NEGATIVISM ALTHOUGH THEIR CRITICISM HAS BEEN LIMITED TO ALLEGED USG LACK OF FORTH-COMINGNESS ON TRANSFER OF TECHNOLOGY. ONLY OTHER COUNTRIES REPRESENTED BY TECHNICALLY QUALIFIED DELEGATIONS ARE CHILE, GUATEMALA, JAMAICO, AND U.S. ARGENTINA, COLOMBIA, PERU AND URUGUAY HAVE NOT SENT DELEGATIONS. END SUMMARY.

2. SUBSTANTIVE DISCUSSION OPENED MORNING OF NOVEMBER 26 WITH REVIEW OF WORK OF THE OTHER THREE SUB-GROUPS. MATOS IN  
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REPORTING ON SUB-GROUP III SESSIONS USED OCCASION TO HURL

SHARP BARBS AT THE USG FOR (A) NOT LIVING UP TO EXPECTATIONS CREATED BY USDEL AT BRASILIA WORKING GROUP MEETING LAST JUNE, (B) BEING UNWILLING TO ADDRESS THE LIST OF RESTRICTIVE BUSINESS PRACTICES ATTRIBUTED TO US FIRMS WHICH THE LA'S PRESENTED AT THE CARACAS SESSION OF SUB-GROUP III, (C) REFUSING TO CONSIDER A CODE OF CONDUCT ON TRANSFER OF TECHNOLOGY AND (D) FAILING TO QUANTIFY THE AMOUNT OF FINANCIAL ASSISTANCE IT IS WILLING TO GIVE TO THE NEW S/T EFFORT.

3. IN GENERAL DISCUSSIONS WHICH FOLLOWED, BRAZIL (BATISTA VIDAL) EXPRESSED DISILLUSIONMENT WITH TANGIBLE RESULTS OF WORKING GROUP DELIBERATIONS SO FAR AND QUESTIONED WHETHER IT WAS WORTHWHILE TO PROCEED WITH EFFORT. WHILE HE DID NOT ELABORATE, WE KNOW FROM BRAZILIAN DOCUMENT SHIPPED TO USDEL BY CHILEAN CHAIRMAN LAST NIGHT THAT BRAZILIANS REGARD "QUANTIFICATION" OF WHAT USG IS PREPARED TO DO AS ESSENTIAL TO DEVELOPMENT OF MEANINGFUL ACTION PROGRAM. CHILE ALSO SOUNDED THIS THEME. MEXICO TOOK A NEW TACK, COUCHED IN THIRD WORLD FRAMEWORK, OF STRESSING THE IMPORTANCE OF THE LA'S ORGANIZING THEMSELVES THROUGH OWN MECHANISM SO AS TO BE IN BETTER POSITION TO DEAL WITH USG. USDEL (BOWDLER) IN FACE OF MISREPRESENTATION BY VENEZUELA DELEGATE OF USG POSITION ON LIST OF RESTRICTIVE BUSINESS PRACTICES, PRINCIPLES GOVERNING TRANSFER OF TECHNOLOGY AND AMENDMENTS INTRODUCED TO TRADE REFORM ACT WHICH WOULD RESTRICT GRANTING GSP TO OPEC COUNTRIES, CLARIFIED USG STAND ON EACH OF THESE POINTS. OTHER CHARGES COVERED IN FORMAL PRESENTATION.

4. THE UNITED STATES WAS THEN REQUESTED TO PRESENT ITS VIEWS. BOWDLER MADE STATEMENT ALONG THE LINES TEXT WORKED OUT IN WASHINGTON. HE EMPHASIZED THAT REPORTS OF THE THREE SUB-GROUPS INDICATED A BROAD CONSENSUS ON SEVERAL KEY POINTS: (1) THAT NEW OR STRENGTHENED NATIONAL MECHANISM WERE NECESSARY TO PROMOTE INTERNAL DEVELOPMENT OF S/T INFRASTRUCTURE AND (2) THAT SOME MECHANISM IS NEEDED TO PROMOTE AND FACILITATE COOPERATION AMONG THESE NATIONAL INSTITUTIONS IN ACCELERATING FLOW OF TECHNOLOGY BETWEEN COUNTRIES. HE POINTED OUT THAT US DID NOT REGARD AN INTER-AMERICAN MECHANISM OR A PURELY LATIN AMERICAN MECHANISM AS MUTUALLY EXCLUSIVE APPROACHES. ON THE CONTRARY, ANY NEW MECHANISM SHOULD HAVE SUFFICIENT

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FLEXIBILITY TO PERMIT A VARIETY OF APPROACHES TO DIFFERENT PROBLEMS. WITH RESPECT TO FINANCING, HE EMPHASIZED THAT THE ISSUE IS NOT ONE OF A LACK OF FUNDS BUT OF IDENTIFYING GOALS, SETTING PRIORITIES AND DEVELOPING SOUND PROJECTS WHICH WILL COMMAND THE SUPPORT OF EXISTING INSTITUTIONS -- NATIONAL AND INTERNATIONAL, PUBLIC AND PRIVATE -- WHICH ARE READY TO HELP. DURING SPEECH, BOWDLER RESPONDED TO SPECIFIC REQUEST PUT TO US DELEGATION TO SG III AS TO WHETHER US WAS PREPARED TO

SUPPORT S/T PROJECTS IN THE WORLD BANK AND THE IDB. HE STATED THAT US QUOTE WILL INSTRUCT OUR EXECUTIVE DIRECTORS AT THE IBRD AND IDB TO WORK WITH YOUR EXECUTIVE DIRECTORS TO REVIEW BANK POLICIES AND PRIORITIES SO THAT BANKS' FINANCING FOR SOUND PROJECTS SUPPORTING THE TRANSFER OF TECHNOLOGY CAN BE ASSURED END QUOTE. BOWDLER ALSO EXPLAINED THAT US IS CONSIDERING THE ESTABLISHMENT OF A CENTRAL OFFICE -- A FOCAL POINT -- WITHIN THE US GOVERNMENT FOR CONTACT AND ACTION ON MATTERS RELATING TO SCIENCE AND TECHNOLOGY.

5. REACTION TO USDEL PRESENTATION WAS AMBIVALENT. BRAZILIAN AND MEXICAN DELEGATES INITIALLY CHARACTERIZED STATEMENT AS POSITIVE AND AS AFFORDING A GOOD BASIS FOR ADVANCING TOWARD A CONSENSUS. BUT VENEZUELAN THREW COLD WATER ON IT ASSERTING THAT THE STATEMENT WAS POSITIVE ONLY IN THE SENSE THAT IT SERVED TO NEUTRALIZE NEGATIVE POSITIONS TAKEN BY USG IN OTHER FORUMS. HE ADDED THAT THE STATEMENT DID NOT CONTAIN THE COMMITMENTS REQUIRED TO MAKE NEW S/T EFFORT MEANINGFUL. WHEREUPON BRAZILIAN AND MEXICAN DELEGATES ASKED FOR THE FLOOR AND ADHERED TO THE REMARKS OF THEIR VENEZUELAN COLLEAGUE. CHILEANS FOUND US STATEMENT CONSTRUCTIVE AND DID NOT SUPPORT VENEZUELA. OTHERS PRESENT DID NOT COMMENT.

6. LAST NIGHT SUB-GROUP CHAIRMAN RICARDO CLARO EXPRESSED PRIVATELY TO USDEL HIS SERIOUS CONCERN THAT VENEZUELA, BRAZIL AND MEXICO WERE MAKING COMMON CAUSE TO DEVELOP A PURELY LATIN AMERICAN MECHANISM. HE SAID CHILE AND OTHER MEDIUM AND SMALL COUNTRIES WERE WORRIED ABOUT THIS EFFORT BECAUSE THEY FEARED THAT IN SUCH A MECHANISM THE BIG COUNTRIES WOULD PURSUE THEIR OBJECTIVES AT THE EXPENSE OF THE OTHERS. WE ARE NOT SURE WHAT THE VENEZUELA-BRAZIL-MEXICO STRATEGY IS. IN AN EFFORT TO HEAD OFF WHAT APPEARS TO BE AN ILL-CONSIDERED, DUMB-BELL APPROACH TO TRANSFER OF TECHNOLOGY, BOWDLER SPOKE WITH CONFIDENTIAL

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DELEGATES OF THESE COUNTRIES REVIEWING POSITIVE ELEMENTS OF OUR POSITION AND WHY WE THINK THE DEVELOPMENT OF SPECIFIC PROJECTS AND THE ESTABLISHMENT OF LINKAGES BETWEEN THE INNOVATORS AND USERS OF TECHNOLOGY IS A MUCH MORE PRODUCTIVE APPROACH. BATISTA VIDAL (BRAZIL) APPEARED RECEPTIVE. MARTIN DEL CAMPO (MEXICO) AND MATOS (VENEZUELA) DID NOT.

7. COMMENT: LA'S ARE CAUCUSING THIS AFTERNOON TO TRY TO ARRIVE AT A COMMON POSITION ON WHAT THE MECHANISM SHOULD BE. WE DO NOT KNOW WHAT SUCCESS THEY WILL HAVE. OF THE DELEGATIONS TECHNICALLY QUALIFIED ONLY CHILE, AND POSSIBLY BRAZIL AND GUATEMALA, APPEAR WILLING TO PLAY A MODERATING ROLE. THE ATTITUDE OF THE VENEZUELA AND MEXICAN DELEGATES SO FAR RAISES THE QUESTION OF WHETHER THESE TWO DELEGATIONS WILL PRESS FOR ESTABLISHMENT OF A PURELY LATIN AMERICAN MECHANISM ON SCIENCE

AND TECHNOLOGY AS AN ADJUNCT TO THE LATIN AMERICAN ECONOMIC  
ORGANIZATION WHICH THE TWO GOVERNMENTS ARE PROMOTING.  
POPPER  
UNQUOTE INGERSOLL

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